

John Bozzo

From: John Bozzo
Sent: April 20, 2017 6:30 PM
To: Brian Hewson; Ceiran Bishop; Christine Long; Corinne Carvalho; Debra Hazelton; Elisabeth DaSilva; John Bozzo; Julie Mitchell; June Colman; Karen Nunno; Ken Quesnelle; Lynne Anderson; Martine Band; Mary Anne Aldred; Nancy Mintz; Neil Brodie; Rosemarie Leclair; Sarah Branco; Veronica Mendes
Subject: FW: QP BRIEFING - After release of Liberal hydro plan, electricity prices set to fall May 1

Subject: QP BRIEFING - After release of Liberal hydro plan, electricity prices set to fall May 1

The Liberal government's plan to reduce hydro bills is starting to come together. The Ontario Energy Board, which regulates the electricity sector, said Thursday that off-peak, mid-peak and on-peak time-of-use power prices will all fall on May 1. As a result, the OEB says the average hydro bill for residential customers will be about \$127 starting next month, which is a reduction of approximately \$26, or 17 per cent.

The savings are due to the 8-per-cent rebate the Liberal government announced last September, which came into effect January 1, 2017, the OEB says. It also takes into account the OEB's removal of the charge customers had been paying to fund the Ontario Electricity Support Program for low-income households.

And, the OEB notes, the savings also stem from "a portion of the bill reduction announced in the government's proposed Ontario Fair Hydro Plan." That plan was announced by the Liberal government at the start of March, although legislation is needed to pass some of its measures, and no bills to that end have been introduced or passed yet.

But the plan aims to reduce bills by an average of 25 per cent, including the 8-per-cent rebate to customers. The government is also proposing to shift the cost of social assistance programs – one of which is the already shifted Ontario Electricity Support Program – from hydro bills and onto tax bills.

The plan will cost about \$5.5 billion over three years, including the \$1-billion annual cost of the 8-per-cent refund.

At any rate, the Liberals were ready to celebrate.

"Today's Ontario Energy Board (OEB) Retail Price Plan (RPP) announcement includes a portion of this reduction [from the Liberals' hydro plan], meaning residential households and as many as half a million small businesses and farms will see real savings sooner than expected," said a statement from Energy Minister **Glenn Thibeault**. "With the anticipated implementation of our government's proposed legislation, the OEB would be required to lower rates again this summer to fulfill our pledge to cut electricity bills for all residential consumers by 25 per cent on average and reduce rates for families in rural or remote areas of the province up to 40 to 50 per cent."

But the government also says a big part of its plan will require it to "refinance" the global adjustment charge paid by electricity customers, knocking down the fee by an average of

\$2.5 billion annually over 10 years. This will ultimately cost consumers \$25 billion in interest payments over 30 years, the Liberals predict.

The OEB sets the time-of-use prices every six months, so the Liberal government's forthcoming legislation could impact the next round of rates. The OEB also published a letter to it from Thibeault, in which the minister reminds the regulator of coming refinancing.

“Under current forecasts, this would mean a reduction in the [global adjustment] of approximately \$2.5 billion during the period May 1, 2017 to April 30, 2018,” Thibeault wrote.

To contact the reporter on this story:

gzychodne@qpbriefing.com

416-212-5913

Twitter: [@geoffzychodne](https://twitter.com/geoffzychodne)